REVIEWS AND NEW BOOKS

General Works, Theory and Its History

Distributive Justice. The Right and Wrong of our Present Distribution of Wealth. By JOHN A. RYAN. (New York: The Macmillan Company. 1916. Pp. xviii, 442. $1.50.)

In Professor Ryan's first book, *A Living Wage,* published in 1906, he applied the principles of moral theology to the determination of the minimum of justice in wages; in this, his latest work, he applies the same principles to all four shares in distribution: rent, interest, profits, and wages. There is here practically no examination of the basis and justification of rights, but rather a series of deductions from generally accepted rules of justice. There is little dogmatism, however, in Professor Ryan's admirable treatment of the subject; for, as he points out, neither the principles of industrial justice nor the constitution of our socio-economic system are simple, and it is impossible to give to ethical conclusions anything like mathematical accuracy. All that he claims is that his moral judgments are fairly reasonable and the proposed remedies fairly efficacious.

The chief rules of distributive justice are the canons of equality, needs, efforts and sacrifices, comparative productivity, scarcity, and human welfare. Among these the primacy is given to the canon of human welfare, although Professor Ryan does not say that the other canons are derived from it, nor does he clearly trace the relationship between them. All have more or less validity, and any theory of distributive justice which runs counter to any of them is necessarily inadequate.

The right to the "workless incomes" of rent and interest is based chiefly on the canon of social welfare. The taking of rent is just, because private ownership is the best system of land tenure. The taking of interest is right, because it encourages saving and investing as opposed to spending and hoarding. Still, Professor Ryan gives a more hearty approval to rent than to interest-taking, a position quite the reverse of that of most modern economists, who would protect and cherish the loan capitalist long after they had thrown the landowner to the wolves.

Professor Ryan, as is well known, is no socialist, nor even a single taxer. Socialism is impracticable. The single tax system would be much inferior to private ownership of land. Private land ownership, therefore, is a natural right, based on its social

utility. However, it is a limited right, giving no claim to rent until the tenant of average efficiency on a normal holding has first obtained a decent living. The tenant's claim to a decent living is based primarily on "needs," but it is not effectual without a minimum of efficiency. Similarly, the right of other business men to living profits is conditioned upon efficiency.

A more complicated case arises when the tenant employs agricultural laborers, who, because of their needs, are as much entitled to a decent living as the tenant himself. Against whom then, is their claim valid? Professor Ryan offers a very ingenious solution of this puzzle. The right of the laborers to a decent living, based, as it is, on their worth and dignity as human beings, takes precedence, not only of the workless incomes of rent and interest, but also of any surplus profits over and above a decent living for the tenant himself. The tenant, as an employer, is one of society's paymasters, and the laborer's claim is valid primarily against him. He must, therefore, pay living wages, even at the expense of interest in his own capital. He has no right, however, to deduct interest from the loan capitalist from whom he may have borrowed, as the loan capitalist is under no obligation to lend to a borrower who cannot pay interest regularly. Nor may the tenant withhold rent from the landlord, as such a practice would be subject to grave abuse, and the landlord is under no obligation to forego his rent in order that the tenant may employ laborers. Besides, such withholding of rent and interest is quite impracticable, and could not be enforced. Therefore, the duty of paying living wages devolves upon the tenant, or any other employer. If the burden and responsibility is too great, he may go out of business, but while he remains he must pay living wages, even at the expense of surplus profits and interest; and, if he is landowner, at the expense of rent also.

This is a nice point in casuistry, but the solution is not altogether satisfying. The employer may be society's paymaster or agent, but he can hardly be expected to bear the whole burden without substantial support from his principal. If, accidentally, he operates with land and capital of his own, his obligation to pay living wages out of rent and interest is surely not greater than that of the mere landlord or loan capitalist, even though he may realize the obligation more keenly than they. Again, in case he could not shift the burden to the consumers, he might be justified in paying less than a living wage, especially if he were a poor man

whose profits yielded him no more than a decent living. Of course, he might evade the obligation by ceasing to employ, but the laborers' condition could not be bettered in that way. Evidently, the case proves that the obligation to provide a decent living for all poor people devolves upon all who have superfluous incomes. It suggests, also, that the obligation is one of charity, rather than strict justice; unless we are to take the view that, in the last analysis, charity and justice are identical.

Although Professor Ryan approves of the private ownership of land, he recognizes certain defects in the existing land system which call for reform. Among the measures which he favors are the leasing of timber and mineral lands, public ownership of urban lands, state loans to small proprietors, increment taxes, supertaxes on large holdings, and the gradual though partial transfer of other taxes to land, in order to absorb a large part of the future increment. All of these measures find their justification in the canon of social welfare and the canon of needs. Until all the poor have a decent living the right to workless incomes is suspended.

Professor Ryan's discussion of interest is exceedingly interesting. He shows how the medieval prohibition of interest taking was gradually modified to suit the changing economic conditions of modern times. At first arose the theory of "lucrum cessans," then that of "praemium legale," and finally the theory of "virtual productivity," which was only "lucrum cessans" in another form. All the authoritative ecclesiastical declarations indicate that interest on loans is today regarded as lawful because a loan is the economic equivalent of an investment. This, as Professor Ryan well says, "is good logic and common sense." The standard arguments of abstinence and productivity he considers unsatisfactory, and he finds the real justification of interest in its contribution to social welfare. He discusses at considerable length the question as to whether any particular rate of interest above zero is necessary, and arrives at no definite conclusion. Still, it may be that the suppression of interest would cause a considerable decline in saving and investment; and, assuming this, the state is justified in permitting interest, even as the Catholic Church has concluded to permit the taking of interest without definitely approving of it. From this conclusion, it is but a step to the position, which in effect Professor Ryan takes, that interest is justified as an essential part of the system of private property, and that any particular rate of interest is justified if it is a competitive and not a monopoly rate.

Professor Ryan appears to approve of the principle of competition as an ideal regulator of interest, rent, profits, and the prices of commodities. When he comes to the question of just wages, however, he rejects the principle of competition because it takes no account of needs, efforts and sacrifices. And yet, before the Industrial Revolution, when laborers commonly sold their own products, there was no valid distinction to be drawn between a fair wage and a fair price. Even now, in the case of self-employing workers, as many carpenters, blacksmiths, lace-makers, wood-carvers, fishermen, and the like, the only way for the laborer to obtain a decent living is to sell his wares at a fair price. The commodity, therefore, is not a mere thing, divorced from the producer, but a piece of materialized labor, the price of which is the wage by which he lives. As the pathetic Scotch song, "Caller Herrin'," puts it: "Wives an' mithers maist despairin', ca' them lives o' men." If the competitive price, then, is fair, the wages also must be fair, whether they suffice for a decent living or not; but if the wages are unfair, then the price which is their source must be equally unfair.

However that may be, the attempt of Professor Ryan to determine just wages from a consideration of needs, rather than market value, or productivity, is not quite successful. Indeed, he well nigh abandons the canon of needs in admitting that productivity must be considered, and in supporting the claim to living wages by the argument that they will result in greater efficiency on the part of both employer and employee. Yet it must be admitted that the classical economists did not sufficiently consider the laborers' needs, and that reformers of the present day are abundantly justified in laying stress upon this long-neglected aspect of the wages question.

When a decent living has been secured by all laborers, only the minimum of justice has been attained. Complete wage justice demands additional compensation according to the canons of efforts and sacrifices, productivity, scarcity, and human welfare; and if there is still a surplus in the wage fund, it should be equally divided among all the laborers. This is the "equitable minimum" which all employers should pay, after which business men may keep their profits, loan capitalists their interest, and landowners their rent, without any compunctions of conscience. Still, the workless incomes are debatable ground, a sort of no-man's land, which the laborers may occupy, if, by superior organization and bargaining ability, they are able to take possession of it. Here

we have a principle of force which does not seem to be in harmony with Professor Ryan's other theories, and it would be interesting to know what scope and limits he would assign to its operation.

One might, perhaps, criticise other minor features of this excellent book, but such criticism would not detract from its great merit as a logical and lucid exposition of a most important subject, pervaded by a spirit of sweet reasonableness that charms even when it may not convince. If all the claimants to shares in distribution could have such a spirit there would be far less of conflict in the industrial world. Father Ryan is doubtless right in saying that the fundamental cause of industrial warfare is the false conception of life that prevails among both rich and poor.

"The achievement of social justice requires not merely changes in the social mechanism, but a change in the social spirit, a reformation in men's hearts. To this end nothing could be more immediately helpful than a comprehensive recognition of the stewardship of wealth, and the duty of distributing superfluous goods."

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NEW BOOKS

Clark, W. E. *Outlines of lectures on economics.* (New York: W. E. Clark, College of the City of New York. 1916. Pp. 41. 25c.)

Eisenman, C. *Everybody's business.* (Cleveland, O.: Burrows Bros. Co. 1916. Pp. 166.)

A series of quotations from popular sociological literature, with running comment from the point of view of a philanthropically inclined business man.

G. B. L. A.

Ely, R. T. and Wicker, G. R. *Elementary principles of economics.* Revised edition. (New York: Macmillan. 1917.)

Finn, J. J. *Operative ownership; a system of industrial production based upon social justice and the rights of private property.* (Chicago: Langdon & Co. 1916. Pp. 301. $1.50.)

Ingram, J. K. *A history of political economy.* New and enlarged edition with a supplementary chapter by William A. Scott and an introduction by Richard T. Ely. (London: A. & C. Black. 1915. Pp. xix, 315. 7s. 6d.)

This volume reproduces, apparently without change, the text of the second edition of Ingram's well-known work, but is given a new interest by the contributions of Professor Ely and Professor Scott. In the introduction Professor Ely offers a helpful estimate of Ingram's services to the science of economics, which will be useful to the younger generation of economists who have no direct, personal